

Message Text

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PAGE 01 HELSIN 02771 311030Z

17

ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 PM-04 NSC-05 SP-02 SS-15 CIAE-00

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R 311000Z DEC 75

FM AMEMBASSY HELSINKI

TO SECSTATE WASHDC 9508

INFO AMEMBASSY COPENHAGEN

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

USMISSION GENEVA

JSMISSION OECD PARIS 1660

USMISSION EC BRUSSELS

UNCLAS HELSINKI 2771

E.O. 11652: N/A

TAGS: ECON, FI

SUBJECT: 1976 AUTO USER TAX IN FINLAND

REF: (A) HELSINKI 2765, (B) HELSINKI 2678

1. ADJUSTMENT OF ONE-TIME AUTOMOBILE USER-TAX WAS PART OF COMPROMISE SOLUTION TO BUDGET CONFLICT (REF A). ORIGINALLY AUTOMOBILE USER-TAX WAS ESTIMATED TO YIELD ABOUT FMK 150 MILLION (\$39 MILLION), WITH REDUCTION OF USER-TAX FOR SMALLER CARS, 1976 COLLECTIONS EXPECTED TOTAL FMK 104 MILLION.

2. ACCORDING TO AGREEMENT REACHED BY GOVERNMENTAL PARTIES, AUTOMOBILE USER-TAX WILL BE LEVIED IN 1976 AS FOLLOWS:

WEIGHT (KH) USER-TAX(FMK) AUTOMOBILES

BELOW 1,100	50	166,800
1,101-1,400	100	531,000
1,401-1,600	150	170,000
OVER 1,600	250	89,000

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PAGE 02 HELSIN 02771 311030Z

NOTE: WEIGHT INCLUDES WEIGHT OF CAR PLUS PASSENGERS

(80 KG/PERSON)

3. MAJORITY OF AMERICAN CARS WEIGH MORE THAN 1,600 KG AND CONSEQUENTLY WILL BE SUBJECT TO MAXIMUM USER-TAX OF FMK 250. NEW BILL OBLIGATES CAR OWNER TO PAY USER-TAX AT ANY POST OFFICE FOR CARS IN OPERATION DURING AUGUST 1-DECEMBER 31,1976.

4. GIVEN 20 PERCENT SURTAX ON NEW CARS (REF B), 16 PERCENT INCREASE IN GASOLINE PRICES, AND ONE-TIME AUTOMOBILE USER-TAX, CAR OWNERS IN FINLAND WILL PAY DISPROPORTIONALLY HIGHER SHARE OF GOVERNMENT'S NEW REVENUE SOURCES. PROGRESSIVE NATURE OF BOTH AUTOMOBILE SURTAX AND USER-TAX WIDENS COST DIFFERENTIAL BETWEEN MEDIUM-SIZE AMERICAN CAR AND SMALL EUROPEAN MODEL. ALTHOUGH SURTAX AND USER-TAX EXPIRE END 1976, PATTERN OF INCREASING TAXES FOR LARGER CARS WILL LIKELY CONTINUE.

5. FINNISH AUTOMOBILE ASSOCIATION ESTIMATES THAT GIVEN NEW TAXES ON CARS AND GASOLINE, OWNERSHIP, OPERATION AND MAINTENANCE OF EVEN SMALL EUROPEAN CAR IN FINLAND WILL COST IN 1976 NEARLY \$250 PER MONTH.
HOUSTON

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Message Attributes

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